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Chairman: Mr. De Rojas ..... (Venezuela)

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General debate

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The meeting was called to order at 3.05 p.m.

General debate

1. **Mr. Azaiez** (Tunisia), noting that his delegation fully endorsed the statement made on behalf of the Group of 77 and China, said that he first wished to discuss the process of globalization and how it could help foster a climate conducive to development. Globalization had yielded a number of positive results, since it had led to the integration of world markets of goods and services and, to a certain extent, capital and technology. Greater interdependence among States had accelerated the international transmission of macroeconomic decisions and therefore their effects throughout the global economy. It was therefore of the utmost importance to maintain an international economic environment favourable to development and growth, particularly in the countries of the South, since they were most vulnerable to fluctuations in world markets. The impact of globalization on the developing countries had been very uneven. Some had experienced rapid economic growth and were participating more actively in the world economy. However, many other countries had been marginalized from the process. In the light of the uncertainty and imbalances which characterized the global economy and particularly affected the developing countries, their participation in the international economic decision-making processes, in the United Nations and in the Bretton Woods institutions, must be broadened and strengthened.

2. He turned next to the prerequisites for the successful integration of the developing countries into the world economy. The increasing participation of the developing countries in world trade represented a structural evolution in North-South economic relations. That dynamic process should continue within an open, rule-based, equitable, non-discriminatory, transparent and predictable multilateral trading system which benefited all countries. The agreements reached under the auspices of the World Trade Organization were of the utmost importance in that regard. In particular the dispute settlements mechanism was a key element for the credibility of the multilateral trade system. His country urged scrupulous compliance with the commitments undertaken in the Final Act of the Uruguay Round of multilateral trade negotiations and hoped that all parties would proceed in a manner which would avoid the adoption of unilateral protectionist measures incompatible with the multilateral trade agreements.

3. The international community should endeavour to improve the functioning of commodity markets, a matter of the utmost importance to most African countries, with a view to making those markets more stable, transparent and predictable. The developed countries should respond favourably to requests for technical assistance aimed at enhancing the diversification of the export sector in developing countries which were dependent on the export of a limited number of commodities.

4. Thirdly, turning to the mobilization of external resources for development and the debt problem facing the developing countries, he acknowledged that flows of international resources to the developing countries had expanded in the 1990s. However, the trend had not been universal and official development assistance as a proportion of such resources had barely risen. That was a source of concern to his delegation, which believed that the international community should forthwith pledge to allocate 0.7 per cent of gross domestic product for official development assistance, as had been agreed. Moreover, foreign direct investment in the developing countries could foster the transfer of technology and improve their access to export markets.

5. The debt burden of the developing countries also was a matter of concern to his delegation. There was a need for effective, equitable, durable and development-oriented solutions to external debt and debt-servicing problems. Although the evolving debt strategy had contributed to the improvement in the debt situation of a number of developing countries, others continued to face structural problems requiring urgent solutions. Financial institutions should consider innovative solutions to the problems of middle-income countries, in order to help them to achieve sustained economic growth without falling into a cyclical pattern of debt crises.

6. Lastly, as to commitments made at the national level with a view to creating an environment conducive to development, he said that each country must shoulder the responsibility for adopting development-oriented economic and social policy measures. To that end, his country had attached high priority to human resource development in creating wealth. Its policy also focused on deepening the reforms undertaken to restructure its financial system and enhance its competitiveness, thereby facilitating its integration into the global economy. Although positive results had been achieved, his country had found it necessary to focus particularly on the manufacturing sector, which had been in need of diversification, thereby increasing productivity and improving the quality of its output.

7. In order to promote the sound evolution of the key components of the economy, the State should serve as a catalyst and should provide guidance to foreign investors

concerning the country's strategic economic goals. Tunisian businesses had had to adapt to a reform process which encouraged efficiency in all spheres of business activity.

8. In that connection, he emphasized the need to reduce unemployment, strengthen market mechanisms and reduce the role of the State. In order to achieve those objectives, it was necessary to establish a modern legal framework in order to protect intellectual property and attract external resources for productive investment and, lastly, to ensure the participation of civil society and the integration of society with a view to harmonious and balanced development.

9. **Mr. Rønneberg** (Marshall Islands) said that his delegation endorsed the statement made on behalf of the Group of 77 and China. International negotiations on sustainable development had reached a critical stage. At the special session of the General Assembly to review and appraise the implementation of Agenda 21, it had become clear that there was a major gap between what was required by the international community in the area of sustainable development and what it had been allowed by consensus to accomplish. The negotiations on the United Nations Framework Convention on Climate Change were a case in point: some parties used negotiating tactics that bordered on obstructionism and to a certain extent violated the spirit and letter of the Convention. The Committee should consider the position of a country that, while not one of the biggest producers of greenhouse gases in absolute terms, was in relative terms an inefficient user of fossil fuels. That country claimed that it would experience much higher costs than other countries in its class if mandatory emissions reductions were agreed. For those reasons, it maintained that it was different and should be allowed to respond differently to the provisions of the Convention. According to that hypothesis, countries with high economic growth and high emissions per unit of per capita income, and which depended on exports of fossil fuels and emissions-intensive products, should have more lenient targets.

10. That idea was supported by economic modelling analysis, which showed that the cost of taking measures to reduce emissions in that country would be 22 times greater than in other countries. However, in order to understand the meagre progress that had been made in the negotiations on sustainable development, it was necessary to bear in mind the motivation for each country's position. It was possible that an economic model that so strongly supported the fossil fuel industry had been completely funded by that industry and by other businesses that depended on such fuels. Moreover, the model exaggerated the impact of emissions reductions in countries in situations similar to that of the country used in the model, while in reality their impact would be extremely small. Compared with a "business-as-usual" scenario, the doubling of per capita income in such countries would be delayed by only two months if emissions reductions were approved; that was a trivial economic cost.

11. Another argument used by countries that sought differential treatment in the negotiations was the idea that high population growth should justify more lenient targets. Thus, a country wishing to benefit from a policy that encouraged high levels of immigration would not be held responsible for causing higher levels of environmental damage and the "polluter pays" principle would not be applied. But that principle would be applied to other countries in the developing world. It was argued that developing countries should participate in the agreement to reduce greenhouse gas emissions because they would be responsible for most of the emissions in the future owing to their high population and economic growth rates. Thus, developing countries should be held to a stricter standard because of the changes brought about by industrialization. Despite a disparity in incomes, the country used in the model and other countries in similar situations claimed that the same considerations should be taken into account, and those countries' targets should be lowered accordingly.

12. One of the most important achievements of the Intergovernmental Panel on Climate Change had been the documentation of the existence of a plethora of low-cost options for reducing greenhouse gas emissions. It was regrettable that all those options had not been given the consideration they deserved. The international community appeared to be unable to overcome the obstacles posed by an intransigent negotiating partner. Some countries believed that they were not in a position to demand a reconsideration of that position because that might result in reduced foreign aid, which could have serious consequences for negotiators from small developing countries.

13. In such circumstances, the United Nations should step in and take up its role as mediator in the negotiations. It was regrettable that, despite the overwhelming evidence that had been presented, some delegations in the United Nations still claimed that the uncertainties were so great that they precluded any action on climate change.

14. **Mr. Ngo Quang Xuan** (Viet Nam) said that his delegation endorsed the statement made on behalf of the Group of 77 and China. As mankind approached the third millennium, the highest priority was to consolidate peace and promote development. In that regard, Viet Nam fully shared the assertion in the Agenda for Development that development was a prerequisite for peace, while peace was

a precondition for development. At the threshold of the new millennium, all nations must make the greatest possible efforts to promote development.

15. The process of globalization and regionalization based on trade liberalization had helped to expand world markets, had increased capital flows and circulation and had promoted technology transfer. That had created an environment more conducive to economic cooperation and interaction at the global and regional levels, but at the same time had exacerbated competition, increasing the vulnerability of the more disadvantaged countries. The results of globalization had been unequal. In most cases, developing countries had become increasingly marginalized and were often unable to benefit from globalization because of their low level of economic development. Their capacity to join world markets and to achieve advances in development were diminished by their increasing debt and debt-servicing burden and the tendency towards declines in ODA, as well as protectionism, discrimination and conditionalities imposed on international economic cooperation and relations.

16. Economic cooperation and development in an increasingly interdependent world should be characterized by a spirit of partnership based on equality, non-discrimination and mutual benefit, while recognizing the need to protect developing countries and accord them preferential treatment. In that regard, the international community, especially the developed countries, should fulfil the commitments undertaken, especially those made at the international conferences held in the past few years. In their efforts to carry out economic reforms and adjustments, developing countries, which were facing the critical problem of poverty, should be provided with greater assistance in terms of investment, capital, technology and other resources and debt relief measures. Measures should be taken to ensure market access to their commodities, manufactured goods and services. It was therefore necessary to reverse the declining trend in official development assistance and the tendency to confine foreign direct investment to a limited number of countries. The imposition of conditionalities in the area of international economic cooperation should also be abolished. A true spirit of cooperation also called for the revitalization of the North-South dialogue which would strengthen international economic cooperation through partnership and put the community of nations in a better position to address the acute global problems it faced.

17. In the area of economic cooperation and development, his delegation welcomed the adoption by the United Nations of the Agenda for Development and called for its effective implementation as it believed that development should be given priority on the agenda of the Organization, whose enormous potential in that field needed to be fully utilized. In that regard, his delegation supported efforts to reform and strengthen the United Nations with a view to enabling it to better discharge its mandates, especially in the field of development. Measures needed to be taken to strengthen the overall efficiency as well as the operational functions of the Economic and Social Council. His delegation therefore supported the declaration adopted on 26 September 1997 by the Ministers of the Group of 77.

18. The South-East Asia region had achieved a high level of dynamic economic development and regional cooperation and integration, despite certain financial and currency difficulties. Cooperation among the member countries of the Association of South-East Asian Nations (ASEAN) and between them and non-ASEAN countries continued to grow and the region had fine prospects for further development. Viet Nam had been overcoming its own economic crisis and had gradually advanced on the path of economic development, industrialization and modernization. During the past 10 years, the economy had achieved a steady average annual growth rate of 8 to 9 per cent. At the same time, a foreign policy of openness, diversification and multilateralization had been pursued. Under that policy, it had taken steps aimed at promoting its integration in the regional and world economy. Within that framework, a high priority was given to cooperation and integration with ASEAN, especially in the ASEAN Free Trade Area. At the same time Viet Nam was busy preparing for admission into the Asian-Pacific Economic Cooperation Conference and the World Trade Organization.

19. Viet Nam had promoted and would continue to promote international cooperation, South-South cooperation, and the work of the United Nations, especially in the field of development, since it believed that the Organization was best placed to help build bridges of cooperation and partnership for development on an equal footing. In that regard, Viet Nam would continue to work closely with other countries in strengthening the role and capacity of the Organization, in particular, the Economic and Social Council, in that field. Therefore, desiring to make a constructive contribution to the common endeavour and to share its experiences in the area of development, Viet Nam had presented its candidature for membership in the Economic and Social Council. He expressed the hope that such candidature would receive the generous support of Member States in the elections to be held on 30 October 1997, thus ensuring the application of the principle of equitable representation.

20. **Mr. Özügergin** (Turkey) said that one of the challenges facing the Organization was improving the

effectiveness of the economic and social activities of the United Nations by harmonizing the work carried out by its own programmes and institutions and those of other multilateral organizations to achieve sustainable development.

21. Today, development was a global concern which should transcend ideology and short-term interests; it was primarily the responsibility of developing countries themselves. It was also true that progress and the economic development of nations needed to be promoted, among other things, through capacity-building. Moreover, international economic cooperation was a driving force in achieving shared prosperity and increased confidence among nations.

22. The world economy was currently characterized by globalization, which permitted the establishment of closer linkages among economies and greater specialization in the production of goods and services on the basis of comparative advantage. At the same time, there were signs of conflict. Governments were facing resistance from those who felt that they were disadvantaged, marginalized or overlooked in the process of structural adjustment generated by globalization and rapid technological progress. Globalization was often blamed for creating unemployment, income inequality, de-industrialization, environmental degradation and the marginalization of a number of developing countries.

23. He believed that the key elements of an enabling environment for development were a growth-oriented economy with a transparent legal and regulatory framework, and strong social and physical infrastructure.

24. Providing developing countries with external financial assistance was more important than ever before. The international community should be responsive to the fact that the poorest countries of the world were lagging further and further behind in terms of growth. The volume of ODA needed to be increased and sustained in order to reverse the growing marginalization of the poor and achieve progress towards realistic goals of human development. In that regard, his delegation agreed with the analysis in the 1997 World Economic and Social Survey concerning ODA trends. Turkey welcomed the joint World Bank-International Monetary Fund Heavily Indebted Poor Countries Debt Initiative. As a donor and recipient country, Turkey had responded positively and was currently providing support in the interim period through the use of International Development Association grants.

25. Turning to other issues, he drew the Committee's attention to the economic aspects of the issue of sanctions and to the totally unforeseen and negative effects on the economies of third countries that the sanctions regime had produced. Turkey was among the countries which had been hardest hit by the sanctions regime. While politically motivated, sanctions against third countries had had a heavy toll on Turkey's economy. Since the issue was being considered by the appropriate forums of the United Nations system, there was a need for countries which were neighbours or major economic partners of target countries to share the burden equitably.

26. His delegation supported the Secretary-General's efforts to rationalize the work of the United Nations funds and programmes engaged in development assistance, since that would improve delivery of communication and outreach services to civil society, and coordination with other bilateral and multilateral institutions operating in the same field. The Committee on Social Development, which had pooled the resources of 10 of the United Nations agencies operating in Turkey, was a good example of the Organization's coordination activities. Although countries were responsible for programme implementation, they received considerable technical support from several United Nations agencies. Better coordination of the activities of the United Nations system would bring benefits to host countries and foster donor confidence.

27. **Mr. Apdal** (Malaysia), after expressing his delegation's support for the statement made by the representative of the United Republic of Tanzania on behalf of the Group of 77 and China, said that the *Trade and Development Report, 1997*, of the United Nations Conference on Trade and Development (UNCTAD) had sounded a wake-up call for policy makers everywhere, since it pointed out that, with the exception of a few countries, the world economy was growing very slowly and the gap between developed and developing countries was continuing to widen. UNCTAD believed that increase global competition did not automatically bring faster growth and development and that liberalization did not necessarily enable developing countries to reach the income levels of developed countries. Globalization offered great opportunities only if there was greater concern for global equity. When linked to trade liberalization, globalization was characterized by uneven global development, with significant growth in very few countries and stagnation and marginalization in many poor countries. The world's 48 least developed countries, representing 570 million people, accounted for only 0.4 per cent of international trade, leaving them largely marginalized in the new world trade order. The impact of globalization on certain countries and sectors of society must be examined more closely, and the United Nations and other institutions must draw the

necessary conclusions and formulate appropriate policy recommendations.

28. While Malaysia continued to give high priority to the liberalization principles of the World Trade Organization (WTO), its national circumstances and priorities were different. Financial liberalization should not benefit only the rich industrialized countries; a way must be found to enable developing economies to mature, progress and protect their interests. In the area of financial services, the General Agreement on Trade in Services provided for gradual liberalization based on the level of development of individual sectors and the services sector as a whole. Effective safeguard mechanisms must be implemented to ensure that financial openness would not result in the marginalization of domestic financial institutions and the destabilization of the financial system. However, there were still differences of opinion on the subject of safeguards, and his delegation wished to emphasize the importance of the work being undertaken in the World Trade Organization to develop a set of rules for emergency safeguards. Malaysia considered the studies to be conducted by the International Monetary Fund (IMF) and the World Bank on the recent financial crisis in the East Asian region to be extremely important for its own efforts to liberalize the financial sector.

29. The United Nations had a key conceptual and promotional role to play in the areas of social justice and economic progress for all, even though it was becoming increasingly clear that the eradication of poverty and the enhancement of development were the responsibilities of individual States. In that context, United Nations agencies had a unique role to play in human resources development, the key ingredient in capacity-building at the national level.

30. Any balanced approach to development must take into account current economic, political and technological realities, especially the increasing influence of the private sector, which played a catalytic role in Malaysia's economic growth. Nevertheless, successful development required the State to play an active role, particularly in creating an environment conducive to resource mobilization and one that provided direction for industrialization. The efforts of national Governments must be supported by a favourable international economic environment in which capital flows, investment and trade could flourish. The East Asian experience showed that successful development patterns did not emerge through spontaneous market forces.

31. Referring to the special session of the General Assembly to review and appraise the implementation of Agenda 21, held in June 1997, he pointed out that international cooperation in the transition towards sustainable development seemed to have reached an impasse. Indeed, the session had revealed several worrisome trends: many Governments had not responded adequately to the deterioration of the global environment; lack of political will to honour Rio Conference pledges on finance and technology transfers; weakening support within the international community for the concept of sustainable development; and lack of an overarching policy framework for sustainable development within the United Nations system.

32. Concerning the question of necessary partnership between government and the private sector, his delegation considered that the private sector could and should be a partner in the implementation of national and global programmes, but Governments must ensure that environmental commitments were sincere.

33. Malaysia hoped to share its prosperity with other countries. Poor neighbours were a source of concern to everyone, since their problems tended to spill over borders and undermine peace and stability. There was no need to fear the prosperity of the developing countries, since they would not become a threat to the prosperous countries. By and large, a more developed and prosperous world would be preferable to one divided into very rich and very poor countries.

34. **Mr. Qin Huasan** (China) said that the past year had witnessed a continuing trend towards the establishment of a multipolar structure and steady economic development in the world as a result of rapid technological and scientific advances and more dynamic trade and capital flows. The developing countries had achieved varying degrees of economic growth through their unremitting efforts and their progress had not only contributed to world economic development but had also put an end to the domination of the world by a few countries.

35. It was, however, regrettable that 1.3 billion people in developing countries were still living in poverty. The unfavourable external environment continued to hamper the efforts of developing countries to achieve economic and social development; the developed countries had often tended to resort to trade protectionism and unilateralism; the developing countries' heavy debt burden had slowed their progress; official development assistance (ODA) had dropped to a new all-time low; the gap between the developed and the developing countries was widening and, with the rise of globalization, the least developed countries were in danger of being marginalized, while fairly successful developing countries were confronted with new challenges and adversities. The United Nations must correct its tendency of not paying sufficient attention to development

issues: development resources had continued to decrease and the institutions involved in economic development activities had continued to weaken. Despite the adoption of the Agenda for Development and the holding of a special session to review and appraise the implementation of Agenda 21, the consensus reached by the international community had remained largely unimplemented. International development cooperation and the role of the United Nations in that area were once again at a crossroads.

36. Peace and development were the main issues facing the world. At a time when interdependence and economic relations among States were increasing, it was unacceptable for the prosperity and affluence of a few countries to be built on the continued poverty and backwardness of the majority of the others. The developing and developed countries were mutually dependent, since the former provided indispensable markets for the products and capital of the latter, in addition to being sources of raw materials.

37. The current session of the General Assembly would have to take up questions of common concern, such as determining the proper orientation for, and revitalizing, international development cooperation, as well as meeting the challenges of the new century. It would have to stress the following issues in particular: first, recognizing the importance of international development cooperation for all countries following the end of the cold war. Second, it was essential to respect the principle of equality and mutual respect, since all countries, big or small, rich or poor, were members of the international community. In commerce, trade discrimination and unequal exchanges must be opposed, in order to avoid intimidation of the weak or the poor, or the unilateral imposition, or threat, of sanctions against other countries.

38. Third, it was essential to maintain the correct orientation of international development cooperation and respect the developing countries' choice of their path to development. Fourth, the content of international development cooperation must be constantly revised in the light of the new characteristics and needs of the world economy, and the effective participation of developing countries in macroeconomic policies must be strengthened.

39. Finally, it was essential to strengthen the role played by the United Nations in promoting international development cooperation and to do everything possible to put the international consensus on such cooperation into practice.

40. Those issues were closely linked to the current United Nations reform process. He recognized the Secretary-General's efforts to promote reforms and increase efficiency, and wished to make a few comments on the question of reform, particularly in the context of social and economic reform. First, the reform process must put the mutually complementary questions of development and peace back at the centre of the United Nations agenda. When the time came to evaluate the reform process, it would be important for that process to have contributed to strengthening the role of the United Nations in development, particularly in the implementation of the relevant international instruments.

41. Second, reform must be a democratic process, subject to in-depth discussion by all the Member States leading to action based on consensus. Third, reform measures must focus on improving relations, increasing efficiency and strengthening functions. Although there were certainly problems of inefficiency within the United Nations system, it was not enough to simply eliminate or merge institutions. Finally, an important component of United Nations reform would be an effective solution to the continuing problem of the serious inadequacy of development resources, despite the explicit provisions contained in the relevant resolutions of the General Assembly.

42. On 1 July 1997, Hong Kong had been returned to its motherland, an event which had given rise to much speculation concerning its future. Nevertheless, on 23 September, representatives from all over the world had gathered at the annual meeting of the International Monetary Fund and the World Bank held in the Hong Kong Special Administrative Region, and had seen with their own eyes the implementation of his Government's policy regarding "one country, two systems", as well as Hong Kong's continued stability and prosperity. His delegation was convinced that the Government and people of the Special Administrative Region were perfectly capable of managing their affairs and ensuring that it played an ever more positive role as a financial, trade and shipping centre which would increase China's trade with other countries.

43. The Fifteenth National Congress of the Chinese Communist Party had drawn up a blueprint for the country's economic and social development as it entered the new century. The policy of reform and opening-up would be developed and deepened. New ground would be broken in reforming State-owned enterprises and diversifying public ownership. The establishment of a market economic system suited to China's national conditions would continue, as would work to ensure sustained, rapid and steady development of the national economy. It had been forecast that in the remaining years of the century China's economy would maintain an annual growth rate of over 8 per cent and would continue to grow at a rate of 7 per cent in the first decade of the next century. Its enormous market and vast

potential for economic development would provide more opportunities for economic cooperation with other countries and would give new vitality to economic development in the Asia-Pacific region and the world as a whole. With that in mind, his Government was prepared to play its part in promoting development and prosperity for all and opening a new era in international development cooperation.

44. **Mr. Amaziane** (Morocco) agreed with the statement made by the Chairman of the Group of 77 at the previous meeting and went on to point out that despite the spectacular progress made by science in the preceding 50 years, millions of people continued to suffer various forms of hardship, including abject poverty, illiteracy, hunger and food insecurity, in the midst of ethnic, civil or inter-State conflicts which had displaced millions of persons.

45. The frantic search for short-term gain, combined with indifference, had become universal and led to a situation where, at the national and international levels, the poorest 20 per cent of people received only 1.1 per cent of world income, compared to 1.4 per cent in 1991 and 2.3 per cent in 1960. In addition, the ratio between the richest and the poorest 20 per cent of the world's population had gone from 30:1 in 1960 to 61:1 in 1991 and 78:1 in 1994.

46. The United Nations Development Programme(UNDP) Human Development Report 1997, had pointed out that the elimination of poverty would be possible if the ethical values of solidarity were adopted. According to that report, the elimination of poverty would require an estimated 1 per cent of world gross national product and 2-3 per cent of the gross national product of all but the poor countries. It was his delegation's fervent hope that the international community would heed that message and adopt the appropriate measures.

47. He welcomed the continued growth of the world economy — 3 per cent in 1997 — and that of the developed and developing countries — 2.5 per cent and 6 per cent respectively. Nevertheless, the drop in production in the countries with economies in transition was a source of concern, since it would further exacerbate international competition for increasingly scarce financial resources granted under favourable conditions. Equally troubling was the rise in unemployment in the developed countries, especially since continued unemployment heightened extremism, intolerance and xenophobia towards immigrants from the developing countries.

48. The unprecedented levels of foreign direct investment and private capital flows were also welcome, since they helped sustain the economic development of many developing countries. It was unfortunate, however, that most of the investments were concentrated in only a few countries, mainly in East Asia, and that the volatile and speculative nature of private capital flows were a threat to the stability of the target economies.

49. In addition, official development assistance, on which a number of countries, especially in Africa, depended in order to counteract their lack of national savings and investment, amounted to $55.1 billion and represented only 0.25 per cent of the combined gross national product of the countries members of the Organisation for Economic Cooperation and Development. Regrettably, the reduction in such assistance had coincided with the ending of the cold war, for it appeared to indicate that the assistance had been partly a response to the rivalry between East and West and their interest in attracting the developing countries' support, instead of being a sign of noble feelings of solidarity and brotherhood.

50. The external debt of the developing countries amounted to $1,825 billion, and servicing it was an intolerable burden on the debtor countries, often to the detriment of basic social services such as education and health. Although many medium-income developing countries had managed to recover some degree of solvency through adjustment measures and support from the international community, 51 developing countries remained on the World Bank's list of highly indebted countries. In that regard, a welcome step had been taken by the World Bank and the International Monetary Fund to help the countries in that category, and it was to be hoped that it would be implemented quickly and flexibly.

51. Morocco had had the privilege of hosting the 1994 conference of the General Agreement on Tariffs and Trade and welcomed the agreements reached on that occasion in Marrakech to liberalize international trade and make it more transparent and equitable. UNCTAD expected the Marrakech agreements to increase global income by an estimated $212 billion to $500 billion between 1995 and 2001. Nonetheless, the least developed countries stood to lose up to $600 million a year, and Sub-Saharan Africa $1.2 billion, mainly owing to the elimination of trade preferences.

52. Another cause for concern was the deterioration of the terms of trade in the developing countries, a problem that had been impossible to solve in the framework of the World Trade Organization and had cost those countries an estimated $290 billion from 1980 to 1991. Moreover, agricultural subsidies in the industrialized countries and tariff barriers on textiles had cost the developing world about $60 billion in export earnings. Nonetheless, some developed

countries cited unfair competition and ecological or social considerations as reasons for imposing protectionist barriers.

53. Since the determining factor of each country's position in the international arena, in the last analysis, was the possession or mastery of technology, the protections and guarantees that made it exorbitantly expensive to the developing countries helped to perpetuate their dependency indefinitely. The developing countries' problems were in part due to the fact that they were forced to develop in a world where developed countries already existed, and everything seemed to indicate that humanity was unable to see itself as an indivisible community where all members were equally important.

54. The ending of the cold war, the holding of a number of international conferences in the 1990s and the adoption of the Agenda for Development had given reason for hope that the international community was prepared to build a world free from the scourge of war, conflict and poverty; however, the commitments undertaken in terms of finance and transfer of technology to the developing countries had not yet materialized. The same was true in respect of the environment, as witnessed by the special session of the General Assembly devoted to the overall review and appraisal of the implementation of Agenda 21.

55. It was the responsibility of the United Nations to play a decisive role in combating the multiform threats being faced by the international community; to that end, however, the necessary human and financial resources must be found. His delegation was convinced that the Secretary-General's proposals would help solve the Organization's endemic financial crisis and raise its prestige with international public opinion.

56. In brief, the globalization of the economy was an indelible feature of contemporary society and should be welcomed, for it helped disseminate the advances of civilization; however, globalization should not be limited to financial and information flows but should include technology and trade as well. What was needed was a type of globalization that would spread the benefits of development to all corners of the world, reduce inequalities within and among nations, ensure the prosperity of all the members of the international community, ensure respect for the rule of law as democratically established, consolidate integration efforts and reduce trends towards exclusion. That was an imperative resulting from the common destiny that united the human race, whose long-term survival would depend on whether or not it was capable of uniting in the face of adversity.

57. **Mr. Sychou** (Belarus) said that, although the ending of the cold war and the transition to a multipolar world had offered unprecedented opportunities for strengthening development cooperation and solve the most critical problems facing the world, it must be recognized that in recent years problems such as the increase in crime, terrorism, environmental degradation, poverty and disease had also reached record proportions. For the most part, such problems were related to economic and social development and to the environment deterioration that could be seen in various regions of the world.

58. The recent trend towards globalization required a new approach to economic relations. The positive aspects of the process, such as the significant expansion in capital flows, must be recognized, but it was evident that trade liberalization had increased the vulnerability of the least developed countries in comparison to the developed countries. In that context, the United Nations had made considerable efforts to promote economic balance in the development of all countries and thereby arrive at a stable, sustainable world. The attainment of that objective would require a more productive, economical Organization and the implementation of programmes geared to areas in which the United Nations had comparative advantages. Belarus attached great importance to the United Nations reform process, especially in the economic and social fields, and supported the series of relevant proposals submitted by the Secretary-General because such a reform programme would increase the impact of the Organization's activities in the social, economic and environmental fields.

59. Firm measures were also needed with regard to strengthening the Economic and Social Council and restructuring its activities. The proposals designed to combine the development funds and programmes of the United Nations should receive greater attention until the required level was reached.

60. Belarus welcomed the Organization's high-level decision to strengthen activities related to the environment, since many of the existing problems in that field required urgent attention, and his delegation supported the Secretary-General's proposal to strengthen the United Nations Environment Programme as coordinator of United Nations activities in that field.

61. In June 1997, the General Assembly had adopted two programme documents of considerable importance, namely, the Agenda for Development and the Programme for the Further Implementation of Agenda 21. Their objective was to solve the most critical problems in the world in order to prevent its continued economic deterioration, through the

establishment of a new system of economic relations based on open, non-discriminatory and transparent trade.

62. In April 1997 an international conference on the sustainable development of the countries with economies in transition had been held in Belarus; the conference had not only carried out a broad evaluation of the problems of the States of the region, but also determined the most promising measures for their solution. Belarus was continuing to implement a policy of economic change with social support for the most vulnerable strata of the population, and the results of the development of the national economy over the past 18 months showed that that policy had been correct. For 1997 his Government had proposed a 5 per cent increase in the gross domestic product, a 6 per cent increase in industrial output and a 3.8 per cent increase in agricultural output. The data for the first six months gave reason to hope that those indicators would be achieved by the end of the year.

63. Like other States which were following the road of reform, however, Belarus needed to receive more advice and technical assistance from the United Nations specialized agencies, funds and programmes in spheres such as the establishment of market structures, reform of the social services system, structural changes in the economy and renovation of the legal foundations in order to encourage foreign investment. The new programming framework for cooperation between Belarus and UNDP could serve as a basis for broadening the fruitful relations of Belarus with international organizations.

64. One of the main problems faced by Belarus was still the access of its export products to international markets; that problem could be resolved through integration into the new international trade system and the World Trade Organization.

65. Lastly, he drew attention to the work of the Department of Humanitarian Affairs in relation to the problem of Chernobyl. For Belarus, the country which had suffered most in that respect, it was very important that a United Nations strategy should be drawn up to expand international cooperation in that sphere during the second decade after the disaster.

66. **Ms. Hormilla** (Cuba) said that her delegation endorsed the statement made by the representative of Tanzania on behalf of the Group of 77. Her Government hoped that as a result of the reform of the United Nations, the subject of development would be accorded the importance it deserved among the priorities of the Organization.

67. Nineteen ninety-seven was the 15th anniversary of the so-called "external debt crisis" which had marked a decisive shift in the economic policy of the developing countries. Latin America and the Caribbean had been the main target of the application of neoliberal solutions which would supposedly lead to accelerated development, touted mainly by the Bretton Woods institutions and the Governments of the developed countries which were always ready to recommend policies which they themselves had rarely applied. There had been a wave of privatizations, unconditional opening to foreign markets, elimination of restrictions on the movement of capital and abolition of the regulatory powers of the State in the economy. At the same time, globalization had intensified through a technological revolution in the means of communication and changes in the balance of power in the direction of undisputed domination of the market. The combination of neoliberalism and globalization had had very adverse consequences for most of the countries of the third world.

68. Massive privatization had placed powerful State enterprises in the hands of major transnational corporations at derisory prices. Indiscriminate opening to external markets had made national producers uncompetitive. Financial deregulation had given rise to phenomena such as the "tequila effect" or the recent crisis in the countries of South East Asia, while globalization had inflated financial capital, distancing it increasingly from the real economy in a dangerous spiral of speculation. As a result of all those factors, the Latin American and Caribbean region had slipped down from the place it had occupied in the world economy in the 1960s. While in 1996 the per capita gross domestic product had been between about 1 per cent and 3.7 per cent lower than the level achieved in 1980, the deterioration in the terms of trade over those 15 years had amounted to 26 per cent. The net transfer of resources to the outside had reached $100 billion, and the external debt had increased from $220.4 billion in 1980 to $607.2 billion in 1996.

69. The most brutal impact of neoliberalism had been the rise in poverty levels. Currently 210 million Latin American and Caribbean people were living in poverty, which represented an increase of about 4 per cent since 1980, and of that total, about 17 per cent were indigent, some 2 per cent more than 15 years previously. The infant mortality rate in the region was some 45 per 1,000 live births, and the illiteracy rate was still 15 per cent.

70. Only the Organization, as a universal body, could take up in an integrated and coherent manner those vital problems which created an unequal world and determined a bleak future for hundreds of millions of people. The treatment of the interrelated subjects of trade, finance, technology and investment, and the coordination of macroeconomic policies

and their social impact in the international context, should be substantive issues in the political debate conducted in the Committee, since the General Assembly was not only the supreme political body at the intergovernmental level but, above all, the most democratic body in existence.

71. **Ms. Alva** (India) said that her delegation associated itself with the statement made by the Chairman of the Group of 77. Currently the international economy was characterized by mixed signals. On the one hand global growth was likely to continue in the medium term and there were indications that the "recovery" of the 1990s might have a sounder basis for sustainability because of higher growth rates in developing countries and the revitalization of the economies in transition. On the other, while developing countries were increasingly emerging as the locomotives of world growth, that had not been reflected in their enhanced participation in rule-setting or decision-making processes.

72. Moreover, most developing countries continued to face problems of poverty and lack of adequate infrastructure, human resource development and technological strength. Although the developed countries faced the problem of growth without job creation, the developing countries, by conservative estimates, needed to create 47 million jobs a year if they were to keep a significant percentage of their population above the poverty line. It must be recognized that at a time when economies and societies were becoming increasingly interdependent, as stated by the Secretary-General in the 1997 report on the world social situation, "transnational forces that propel global changes, in particular mobile investment and finance, are weakening the ability of national Governments to influence economic and social outcomes, often putting fulfilment of even the national political commitments, not to mention the ability to influence global trends, beyond the reach of elected national representatives" (E/1997/15, p. 2). Against that backdrop, it was necessary to debate and assess the role of the United Nations in creating an international economic environment that was conducive to sustained economic growth, particularly in the developing countries, to ensure the availability of resources in the social and environmental sectors and for poverty eradication.

73. Against the backdrop of the debate in the international community on proposals for reform of the United Nations, it was necessary to strengthen the role of the Organization in the economic and development spheres and to ensure that the division of labour among the various actors of the United Nations system did not focus narrowly on the social sector or tip the balance completely in favour of its normative functions. It was also necessary to ensure a viable role for the United Nations as a facilitator of growth, development and prosperity, equitably shared among nations. To address those questions effectively, it was necessary to bear in mind that globalization and liberalization had dramatically altered the dynamics of the international economic environment. The opening up of national economies throughout the world to trade, finance, investment and technology had affected opportunities for growth and development. It was estimated that, in the period 1995-2001, the benefits of trade liberalization would increase global income by between $212 and 500 billion. Capital flows in 1995 had been almost six times higher than in 1981-1985.

74. While some developing countries, especially those which had already achieved higher levels of efficiency, were in a position to take advantage of the new opportunities, for many others, particularly the least developed countries, globalization had had a negative impact. Indeed, the least developed countries, which had 10 per cent of the world population, enjoyed only 0.3 per cent of world trade, half of their share two decades earlier. Similarly, most developing countries, representing over 70 per cent of the world population, received only 10 per cent of financial flows and, as the latter were often tied up with transfers of technology, large regions of the world were being left out of the technological revolution.

75. Increasingly, attempts were made to ascribe the asymmetrical spread of the benefits of globalization to national policy failures, but in most cases it had occurred despite considerable efforts by the developing countries to restructure their economies. Since the early 1970s, the least developed countries had suffered a cumulative decline of 50 per cent in terms of trade, and between 1981 and 1991 the corresponding decline for the developing countries as a whole had amounted to $290 billion.

76. Developing countries had also suffered from unfavourable terms in relation to finance. With inferior credit ratings and the expectation of national currency depreciation, they had paid interest rates that were four times higher than those paid by developed countries. The least developed countries in the South had transferred to their northern creditors four times what they invested in the health of their people. Beyond the human cost, debt had created serious obstacles to economic growth by absorbing up to one fifth of export earnings, exhausting their limited stocks of foreign exchange and undermining their ability to engage in international trade on more equitable terms. There was an urgent need for an international consensus on the necessary strategies for reducing the debt of the most heavily indebted developing countries.

77. Developing countries had also had to face unfavourable terms in the flow of manpower. While liberalization and free trade had supported economic activity in the 1990s, they had been selectively applied to product and capital markets, excluding the global markets for unskilled labour. Similarly, global negotiations on services and investment were proceeding apace, whereas other areas of export interest to developing countries, particularly agriculture and textiles, remained highly protected.

78. As a result of the quotas in the Multifibre Arrangement, developing countries were suffering exchange losses of between $4 and 15 billion a year. Similarly, agricultural subsidies in the developed countries had wide-ranging adverse implications for developing countries and exposed domestic food producers to dumping in the form of cheap food imports. It was estimated that if industrial countries reduced agricultural protection and subsidies by only 30 per cent, developing countries would earn an extra $45 billion a year. In the Uruguay Round Agreement on Agriculture, only a reduction of 21 per cent in the volume of subsidized exports was called for. Another major area of concern was tariff escalation, which restricted developing countries to volatile export markets for primary commodities, where real prices were falling, and prevented them from adding value to their exports.

79. The rules of the game that circumscribed globalization had also increased the cost of technology transfer to developing countries, by imposing intellectual property rights regimes. Moreover, denying the use of certain forms of technology to developing countries deprived them of the benefits of globalization. It was imperative to find an effective solution to the problem of the exclusion of developing countries from the use of high technology as a result of the restrictions put in place by those who possessed it.

80. The difficulties faced by developing countries in seeking access to trade, labour and finance flows were exacerbated by protectionist barriers raised by the advanced countries because of the unfounded fear that globalization was one of the major causes of the high unemployment rate and growing wage differentials between skilled and unskilled labour. That theory had been debunked by the International Monetary Fund, which had insisted on the need for countries to correct the rigidity of their own labour markets. At the same time, the economic crisis in Mexico in 1994 and currency fluctuations currently affecting the South-East Asian region revealed the need to recognize the potentially adverse impact of fluctuations among the major international currencies on developing countries.

81. Moreover, the forces of globalization and liberalization had marginalized the least developed countries from the mainstream of the world economy. The international community should address the development problems of the least developed countries in a comprehensive manner. To that end, the Third United Nations Conference on Least Developed Countries, for which thorough and early preparatory work was essential, was extremely important.

82. Likewise, the international community should pay attention to and support small island countries, whose distinctive problems and needs had to be addressed in a holistic manner, taking into account their need for differential access to markets, since their economies depended on a very narrow range of primary commodities. International efforts needed to be stepped up in order to implement and follow up the Barbados Programme of Action.

83. Another situation deserving priority attention was the persistent economic crisis affecting Africa, which was hindering its prospects for rehabilitation and development. It was imperative that the international community should find durable solutions to the debt problem of African countries and the problem of the diversification of their economies, as well as the problems of improving their access to trade and markets on favourable terms, substantially increasing resource flows and facilitating the transfer of technology.

84. Against that backdrop, the international community needed to assess the role it expected the United Nations to play under the prevailing international economic conditions. Among other things, the United Nations should address the issue of financing for development, in order to improve the mechanisms to ensure that funds were made available on favourable terms. It would be necessary to strengthen mechanisms for the delivery of technical assistance and make South-South cooperation more dynamic. Technical cooperation between developing countries must be recognized as a viable modality in that respect. In that endeavour, the various actors of the United Nations system must work harmoniously to fulfil effectively the mandates given to them by the international community.

The meeting rose at 5.10 p.m.